



February 9, 2007

SENATE BILL No. 566

DIGEST OF SB 566 (Updated February 7, 2007 4:31 pm - DI 104)

Citations Affected: IC 12-15; IC 12-19.

Synopsis: Medicaid claims and alternative psychiatric facility settings. Requires an insurer to accept a Medicaid claim for services provided a Medicaid recipient for three years after the date the service was provided. Specifies the circumstances in which a Medicaid claim may not be denied by an insurer. States that notice requirements may be satisfied by electronic or mail submission (current law provides only for certified or registered mail). Requires an insurer to accept the state's right of recovery and assignment of certain rights as required by federal law. Adds alternative settings to the definition of children's psychiatric residential treatment services.

Effective: July 1, 2007.

Dillon

January 23, 2007, read first time and referred to Committee on Health and Provider Services.
February 8, 2007, amended, reported favorably — Do Pass.

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SB 566—LS 7409/DI 104+



February 9, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 566

A BILL FOR AN ACT to amend the Indiana Code concerning human services.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 12-15-29-4.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2007]: **Sec. 4.5. (a) An insurer shall accept a**
4 **Medicaid claim for a Medicaid recipient for (3) years from the date**
5 **the service was provided.**

6 **(b) An insurer may not deny a Medicaid claim submitted by the**
7 **office solely on the basis of:**

8 **(1) the date of submission of the claim;**

9 **(2) the type or format of the claim form; or**

10 **(3) a failure to provide proper documentation at the**
11 **point-of-sale that is the basis of the claim;**

12 **if the claim is submitted by the office within three (3) years from**
13 **the date the service was provided as required in subsection (a) and**
14 **the office commences action to enforce the office's rights regarding**
15 **the claim within six (6) years of the office's submission of the claim.**

16 **(c) An insurer may not deny a Medicaid claim submitted by the**
17 **office solely due to a lack of prior authorization. An insurer shall**

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1 **conduct the prior authorization on a retrospective basis for claims**
 2 **where prior authorization is necessary and adjudicate any claim**
 3 **authorized in this manner as if the claim received prior**
 4 **authorization.**

5 SECTION 2. IC 12-15-29-7 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) The notice
 7 requirements of section 4 of this chapter are satisfied if:

8 (1) the insurer receives from the office, ~~by certified electronically~~
 9 ~~or registered by United States~~ mail, a statement of the claims
 10 paid or medical services rendered by the office, together with a
 11 claim for reimbursement; or

12 (2) the insurer receives a claim from a beneficiary stating that the
 13 beneficiary has applied for or has received Medicaid from the
 14 office in connection with the same claim.

15 (b) An insurer that receives a claim under subsection (a)(2) shall
 16 notify the office of the insurer's obligation on the claim and shall:

17 (1) pay the obligation to the provider of service; or
 18 (2) if the office has provided Medicaid, pay the office.

19 SECTION 3. IC 12-15-29-9 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) IC 27-8-23
 21 applies to this section.

22 (b) To the extent that payment for covered medical expenses has
 23 been made under the state Medicaid program for health care items or
 24 services furnished to a person, in a case where a third party has a legal
 25 liability to make payments, the state is considered to have acquired the
 26 rights of the person to payment by any other party for the health care
 27 items or services.

28 **(c) As required under 42 U.S.C. 1396a(a)(25), an insurer shall**
 29 **accept the state's right of recovery and the assignment to the state**
 30 **of any right of the individual or entity to payment for a health care**
 31 **item or service for which payment has been made under the state**
 32 **Medicaid plan.**

33 SECTION 4. IC 12-19-7.5-1 IS AMENDED TO READ AS
 34 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in this
 35 chapter, "children's psychiatric residential treatment services" means
 36 services that are:

37 (1) eligible for federal financial participation under the state
 38 Medicaid plan; and

39 (2) provided to individuals less than twenty-one (21) years of age
 40 who are:

41 (A) eligible for services under the state Medicaid plan;

42 (B) approved by the office for admission to and treatment in:

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1 **(i) a private psychiatric residential treatment facility; and or**
2 **(ii) another level of care setting; and**
3 (C) residing in:
4 **(i) a private psychiatric residential facility; or**
5 **(ii) an alternative setting;**
6 for the purposes of treatment for a mental health condition,
7 based on an approved treatment plan that complies with
8 applicable federal and state Medicaid rules and regulations.

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COMMITTEE REPORT

Madam President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 566, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, delete lines 33 through 42, begin a new paragraph and insert:

"SECTION 4. IC 12-19-7.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in this chapter, "children's psychiatric residential treatment services" means services that are:

- (1) eligible for federal financial participation under the state Medicaid plan; and
- (2) provided to individuals less than twenty-one (21) years of age who are:

- (A) eligible for services under the state Medicaid plan;
- (B) approved by the office for admission to and treatment in:
 - (i) a private psychiatric residential treatment facility; ~~and~~ **or**
 - (ii) **another level of care setting; and**
- (C) residing in:
 - (i) a private psychiatric residential facility; **or**
 - (ii) **an alternative setting;**

for the purposes of treatment for a mental health condition, based on an approved treatment plan that complies with applicable federal and state Medicaid rules and regulations.".

Delete page 3.

and when so amended that said bill do pass.

(Reference is to SB 566 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 9, Nays 0.

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